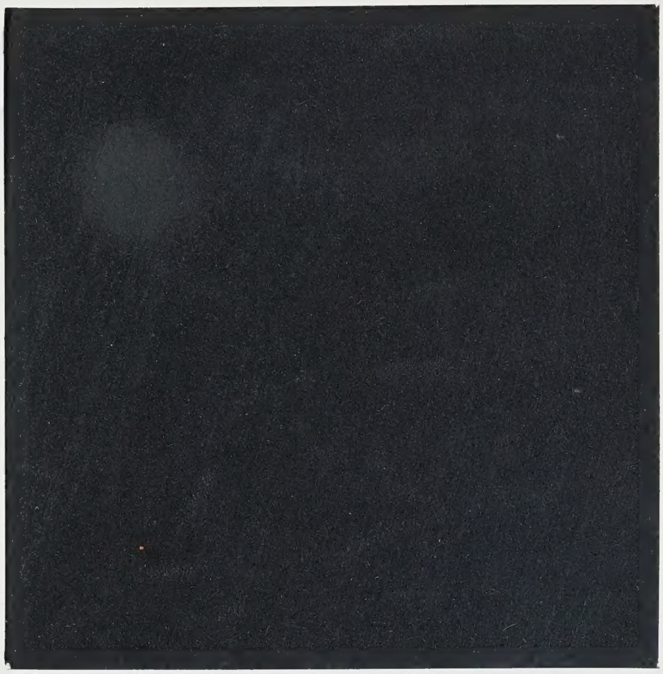
SMALL BUSINESS ADVOCACY
REPORT NO. 15

HOURS OF WORK AND OVERTIME IN SMALL BUSINESS: FIVE CASE STUDIES

December, 1986

MINISTRY OF INDUSTRY,
TRADE AND
TECHNOLOGY
ONTARIO



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HOURS OF WORK AND OVERTIME IN SMALL BUSINESS: FIVE CASE STUDIES

December, 1986

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TABLE OF CONTENTS

GENERAL OBSERVATIONS

1. None of the firms studied schedule overtime as a means of avoiding hiring. All of the firms do their best to avoid scheduling overtime because of the expense of overtime pay.

2. Most of the firms studied do not know about the Ministry of Labour's overtime permit system. Those that do, ignore it.

   The permit system is ignored because the owners believe they have worked out arrangements with their employees regarding overtime work which are equitable for both parties. According to the owners, both owners and employees are satisfied with their company's arrangements.

3. Some of the firms have seasonal business patterns; that is, activity drops off dramatically at certain times of the year. Each of the seasonal firms studied tries to avoid layoffs and continue to employ their workers throughout the year even though there is little work to be done. The costs (wages and payroll taxes) of carrying workers over the off-season are considerable.

   These small firms pay into the unemployment system during the period when their employees could have been drawing from the system. If the firms laid off their workers, additional costs would accrue to government in unemployment benefits.

4. Restricting overtime would not create jobs in any of the firms studied. Restrictions would mean less customer satisfaction, less business for the firm and would in some cases, call into question the viability of the firm. Hiring part-time workers to work overtime hours is not an option in some firms. Part-time workers do not necessarily have the same skills and abilities as do full-time workers and are therefore often not a realistic option for overtime work.

5. Some of the firms studied would rather hire workers than pay their employees overtime. These firms have experienced problems when trying to attract workers to their firms.

   Some of the firms employ what could be called the marginal workforce. These employees are unskilled and work for a minimum wage. The employees are able to maintain a reasonable standard of living through the overtime hours they work. Restricting the ability of these firms to employ this marginal

General Observations

1. [illegible]

2. [illegible]

[illegible]

3. [illegible]

[illegible]

4. [illegible]

5. [illegible]

Some of the firms employ what could be called the marginal workforce. These employees are people that work for a minimum wage. The employees are able to maintain a reasonable standard of living through the overtime hours they work. Resentful [illegible]

workforce could have an adverse social impact: without the ability to work many hours, such workers may decide that unemployment insurance benefits provide a better alternative.

Some firms located near the site of the General Motors/Suzuki plant are concerned that the plant will cause increased problems in attracting skilled workers to their firms as well as in retaining the employees they already have.

6. <u>In most of the firms studied, when a new worker is hired, it is the owner who trains the new employee.</u> Training is costly and time-consuming for these small firms.

7. <u>Overtime scheduling is a reality of doing business in repair service firms.</u> Repairs must be done when customers request; the company cannot refuse the work without risking losing customers. Repair service firms are responding to customer needs when they schedule overtime.

8. Most of the firms studied are still recovering from the 1981-82 recession. Less overtime is worked now than before the recession.

9. From the firms studied, it appears that if overtime scheduling and maximum hours of work per week were restricted, the consequences would be:

   - customer dissatisfaction;
   - higher prices for product and services;
   - decreased profitability;
   - inability to operate emergency repair service firms;
   - inability to respond quickly to customer needs;
   - more evasion of hours of work laws;
   - more lay-offs of employees in seasonal firms and therefore, increased use of unemployment insurance;
   - lowered standard of living for employees; and
   - less employment opportunities.

CASE STUDIES

CASE STUDY #1

Background

The firm studied is a sewer and water main contractor. The company performs a wide variety of tasks, from small jobs involving unplugging ditches to industrial and commercial repairs and modernization of sewer and water main facilities in subdivisions. Most of their work is done under contract to municipalities. The firm made between $2-5 million in sales in each of 1984 and 1985.

The company was started in 1930. The present owner is the establishment owner's son, who took over on 1956. The present owner is 70 years old. The company is run by five members of the family.

Employment

The number of full-time permanent employees working for the firm in 1984, 1985 and 1986 was 60 (not including family members.) Approximately 20 of these workers are laid off in the off-season (company operates at a lower level during the winter).

Fifty-nine of the company's sixty employees are employed under union contract. The contract is negotiated on behalf of all the sewer and water main contractors by their trade association.

Skills shortage

The company must hire from union hiring halls. Since the union is having trouble finding skilled operators (carpenters, pipe layers and even flagmen), the union has allowed the firm to hire workers from as far away as Port Huron. However, the lack of skilled workers to hire is not the reason why the firm schedules overtime.

Overtime

Under their contract workers can work up to 10 hours a day before overtime pay of time and a half must be paid. If work extends into Sunday, workers are paid double time. Except for the office manager who works a 40 hour week, the regular work week for the workers is 45 hours a week before overtime pay must be paid (for operators and labourers, of which there are 60, the maximum hours before overtime pay must be paid is 50). If during the week it rains, the company pays its workers straight time for work on the weekends. All workers are aware of the overtime hours to be expected from the job because all workers are hired from union hiring halls where the regulations surrounding hours of work are made known.

The crew that is the most available at the time when overtime must be worked is the crew that performs the overtime work. The workers never decline overtime work. In fact, the owner's son stated that most of the members of each crew spend social time as well as worktime with each other and so do not mind working overtime with their fellow crew members.

The company does its best to avoid overtime scheduling, in order to keep costs down. The municipality has a "cost-plus" contract with the company which stipulates that the municipality will pay the overtime premiums to workers if the job runs into overtime. There is still a desire on behalf of the company to keep these costs to the municipality down in order to maintain their contractual relationship with the muncipality when it is reviewed.

The company schedules the same amount of overtime now as it did during the recession. From 1982 until 1984, the equipment owned by the company was underutilized because they could not afford to have many people. At the present time, the firm's equipment is fully utilized.

The firm cannot consider hiring more people until it has the equipment for the new employees to use. Equipment purchases in this line of business involve hugh capital expenditures. The company does not have the funds to make the necessary purchases (they are still recovering from the recession.)

The gross number of hours worked in the firm in 1985 was one million. Of that, 21,000 hours were overtime hours (mostly under contract to municipalities). In other words, overtime made up 2.1% of the total number of hours worked by employees in the firm.

The company does not know of the necessity to obtain overtime permits. They do not believe permits would be necessary in their position because of the monitoring of the firm by the union. Overtime has been an issue at the bargaining table. The hours that a worker can work in the sewer and water main industry before overtime premiums must be paid was 40 hours. Last year, the number of allowable hours increased to 50 hours a week.

Payroll taxes

Payroll taxes are not a problem.

Part-time workers

The firm has no part-time workers.

Vacation pay

All employees are paid by the hour and they receive 10% of their gross pay with each pay cheque in lieu of vacation pay (4% is the law).

If the law expanded vacation time to 3 weeks a year, the firm would still be covered by the 10%. If, however, as a result of an increase for all people, the union wanted to negotiate an increase for his workers, the impact would not be too hard on the firm because almost all of their competition is unionized and would feel the same hardship. Approximately 30 employees would be affected if the legislation expanded vacation time to three weeks a year for workers with 3 to 5 years seniority.

General Comments

Some of the company's competitors do not pay their employees overtime. There is a problem that the union does not police the industry carefully.

Non-union contractors are taking away the smaller end jobs from the company because of their lower overhead.

The government watches the hours worked by workers but does not restrict the hours worked by owners and their families.

CASE STUDY #2

Background

The firm studied manufactures women's and men's clothing. It was established and incorporated in 1974. It is owned by the wife of the 52 year old man who runs the business (business ownership was set up in this manner by the family accountant for tax purposes - the husband is the effective owner). In both fiscal years 1984 and 1985, the firm made between one to two million dollars in sales.

Employment

The firm employed 65 workers in both 1984 and 1985. This year, the company has expanded to 85 workers. Neither figure includes the owner and his daughter who works in the firm.

Skills shortage

The owner has had great difficulty in hiring skilled workers, especially for the sewing and cutting duties. Often advertisements are placed in Manpower offices but it is rare that someone responds.

Most seamstresses working in the garment industry are recent immigrants. For the most part they speak only Chinese or Italian. Since neither the owner nor the sewing and cutting supervisors speak either language, the firm cannot hire these workers.

In order to overcome this shortage of workers, the firm has subcontracted to a firm whose owner/operator speaks Chinese as do his employees. The subcontract company works solely for the studied firm and employs 25-30 workers. This arrangement increases the company's costs of quality control (maintaining company standards in an outside firm).

The owner believes that Canadian-born workers disdain factory jobs, which causes the firm recruiting problems.

The company opened a branch plan in another part of the city, where it was believed a significant labour pool existed. Since that time, the owner has discovered a much larger labour pool north of the city, and regrets his initial action.

Training

It costs the company between $1,200-$1,800 to train someone to use their sewing machines, even though it is a relatively unskilled task.

Overtime

The recession hit the firm very hard. During the recession, no overtime was scheduled. Since 1984, when the firm landed its first major uniform contract, the use of overtime has increased dramatically. Because of the lack of skilled workers, the firm has been forced to limit its growth, even though the potential exists for more growth.

Everyone working in the factory is paid time and a half for any hours over 40 in a week. The owner tries to distribute the work evenly. Usually only one group of employees (i.e. cutters, seamstresses) work overtime. Employees are informed of the overtime work which is sometimes expected of them upon hiring. The owner believes his employees understand overtime hours are necessary in order for the firm and their jobs to survive. He does not force his employees to work overtime. He gives his workers notice when overtime work is coming up in order to give them time to make plans.

Payroll taxes

Payroll taxes are not a problem. The firm would hire workers if they could find them.

Part-time workers

The firm has no part-time workers.

Vacation pay

The factory is closed for 1 week in the summer. Employees are entitled to take 2 weeks vacation in the summer, so these weeks are scheduled to occur either the week before or continue into the week after the shut-down of the factory.

The company schedules work for every Saturday, starting in October, for five weeks. Workers are paid at straight time for their work on these Saturdays. Since the total overtime, at time and a half, is not paid, the half time (2 1/2 days' worth) remains unpaid. Eight working days over the Christmas break are given to the employees as paid holidays. Since only three of the days are statutory holidays, and 2 1/2 days of the holidays were owed to the employees, the owner gives the employee 2 1/2 extra paid vacation days.

The owner also pays Christmas bonuses to all employees, ranging in amount from $500 to $2,000.

Under the company's present system if vacation time were expanded to 3 weeks a year, the firm would only be forced to pay 2 1/2 days more than it already does. Most staff have 3-5 years seniority or more (very little staff turnover), so if the law expanded vacation time to employees with this seniority, it would affect most of the employees.

General comments

In 1974, Canada Manpower tried to help the owner with his shortage of skilled workers. The owner was allowed to bring 20 English-speaking women from the Phillipines to work in his factory. After three weeks, none of the women were still working in his factory. They had all gone to work in banks or supermarkets, where they had positions they considered to be of a higher status.

The owner strongly believes that it would be cheaper for him to hire skilled workers than pay overtime, even though his labour costs include benefits such as extended health and dental plans.

CASE STUDY #3

Background

The firm studied is a courier and moving company in the Niagara region. It is owned by a 52 year old man, but his children (a daughter, 26 and a son, 32) run the business. The firm was incorporated in 1975 although it had been operating since 1949 as an unincorporated company. The firm made approximately $300,000 in sales in each of fiscal years 1984 and 1985.

The owner's children work in the office, although the son spends much of his time pricing jobs, making estimates and helping out with driving and moving. His son works approximately 70 hours per week and his daughter works 50 hours per week. Neither receive overtime pay.

Employment

In October 1984, the firm had 12 full-time permanent employees. In October 1985 they had 14 and at the present time they have 14 (all figures do not include the owner or his children.)

Skills shortage

The company faces several problems because of its low wages. Unemployment insurance payments often exceed the wage the firm can offer. Often the owner's son has interviewed potential employees only to find out that the applicant previously worked at a high-paying job at a plant and was receiving UI benefits well above what the company could offer in wages. The company feels that the fact that the company can offer more hours of work to drivers helps offset the low hourly wage. The owner's son acknowledges that the type of worker they can afford to hire is typically an unskilled single male.

Training

Training someone to be a driver is done by the owner's son. Every employee, upon starting, works part-time for about 2 weeks. The owner's son helps them learn routes and how to move furniture safely. It takes about 2 weeks of his time to train a new employee.

Overtime

In 1980-81, the company fired two employees with whom they had had disciplinary problems. The two employees contacted the Ministry of Labour with a complaint that they were never paid overtime even though they worked 60 hours a week. The Ministry conducted an investigation of the firm and came down with a decision that normal hours for a delivery service which operated within town or city limits was 50 hours a week. If deliveries were to be made between cities and involved travel on highways (and, consequently, a Public Commercial Vehicle licence) the normal hours of work per week would be 60. As the owner understand the regulations, no permit is required and overtime pay would commence once the 50/60 hours per week had been worked.

At the present time, the twelve male drivers work approximately 50 to 60 hours a week. During the busy summer season (moving), the male drivers often work over 60 hours per week. The two female drivers work 35 to 40 hours per week. Their reduced hours is due to the fact that they do not do moving jobs.

A conscious effort has been made by the company to avoid scheduling overtime. Often the company will pay an employee for an hour's work at $7.50 when the profit made on the delivery amounts to only $2.50. The company feels it is vital to maintain customer satisfaction and will go the distance to provide dependable service. Because of the flexibility offered by the type of business, overtime (over 60 hours per week) rarely needs to be scheduled. Often a worker will work 12-14 hours one day and will take the next day off to recuperate. Both the company and the drivers are flexible when it comes to scheduling overtime and offering time to recuperate.

Rarely do drivers refuse to work overtime: they are generally pleased to get the extra pay. However, if an employee refused to work overtime, the next time that employee asked to use a company vehicle for personal use, the company would be less willing to accommodate the employee. Upon hiring, employees are informed of the company hours of work.

If the volume of business is high, the company requests that its full-time employees work overtime hours. When the overtime costs start to get high, the company recruits or calls in its part-time casual workers. These workers generally work 20 hours a week, although in the winter they work less hours and in the summer they work more.

The company tries to distribute its overtime work available evenly, to try to avoid overtime payments and to be fair to all drivers. However, when overtime is scheduled consistently (over 60 hours per employee per week), the company hires an additional employee.

Payroll taxes

Payroll taxes are a problem for the company. Part of the reason why the firm does not hire any more people is because of increasing payroll taxes. As well, its drivers want to work the extra hours to increase their weekly income. If their hours were cut in order to provide work for more drivers, some drivers would leave for other courier companies. They need the extra hours to maintain their standard of living.

Part-time workers

The company has just hired 2 part-time casual drivers. These people, both of whom are presently collecting unemployment insurance benefits, will be on call to the company. The company will pay these employees under the table, by request of the employees, who do not want their benefits cut off.

Vacation pay

The company pays its employees 4% of their wages for their vacation time. The drivers do not always take 2 weeks off because they want to work through and make more money. Sometimes the company will offer the employees a series of long weekends.

The busiest time for the company is in the summer. The company tries to accommodate employees' wishes for time off during the summer. Usually, full-time employees take 1 week during either Christmas or the March break and another week in the summer. The owner's son explained that the company was not big enough to warrant having an extra person on staff to cover staff vacations.

When asked what the financial and operational impacts would be on the firm if mandatory vacation pay were extended to 3 weeks a year: the owner's son explained that it would cost the firm approximately $3,500 plus Unemployment Insurance, Workers' Compensation and Canada Pension Plan payments. The biggest difficulty posed by extending vacation time would be the scheduling problems. As it is, it is difficult for the firm to schedule 2 weeks for employees. The owner's son was not sure if the company would hire another person in such a situation.

If vacation time were extended only for employees with 3 to 5 years seniority, the situation would be less costly in terms of finances but would still cause difficulties because those employees who have the most seniority are the firm's most valuable workers. Replacing them would require more work on behalf of the owner's son and more problems with service. Eight people on staff have 3 to 5 years seniority, therefore his costs would be approximately $2,000 plus UIC, WCB and CPP payments.

General comments

Since competition in the courier field is fierce, the company can only afford to pay most of its workers $5 an hour. The few people who are paid more (up to $7.50 an hour) receive higher wages because of their ability to do a multitude of tasks. The highest paid employee supervises the drivers.

The company pays for half the cost of the uniform drivers must wear on the job. Drivers are entitled to use company vehicles to travel to and from work since they all live within the town limits. Drivers can use the company vehicle for free to move their families.

CASE STUDY #4

Background

The firm studied is a lumber and building supply company, located in a rural area of southwestern Ontario. The company has two retail stores, a contracting and carpentry operation and a roof truss manufacturing plant. Although the present owner has owned the firm since 1968, he is the third owner of the firm in his family. It was his great uncle who started the firm in 1918. It is an incorporated company. The company made between $2 and $5 million in sales in each of 1984 and 1985.

Employment

In October 1984, the firm employed 19 people. Last year, there were 21 full-time, permanent employees. At the present time, the company employs 24 people. (All figures do not include the owner).

Skills Shortage

The owner has trouble attracting skilled workers to his firm. He has particular problems finding carpenters who can read, write and communicate. He needs carpenters with these skills because his carpenters also act as estimators in both the retail and contracting operations.

Training

The lack of skilled carpenters is one of the reasons the firm schedules overtime.

The owner believes the shortage of skilled labour in his area will become more acute with the establishment of the General Motors/Suzuki plant in nearby Ingersoll. The owner is very concerned not only that he will have increased problems finding skilled workers but also that he may have difficulties hanging on to the employees he has.

The owner has tried to use the apprenticeship system. Just this year, he worked with an apprentice doing floor installments for six months before giving the apprentice an opportunity to go out on his own. After a few weeks, the apprentice quit. He was too nervous to operate on his own; he had no self-confidence. The owner will try the sytem again though.

Overtime

The field in which the company operates is seasonal. Business is very busy in the spring, summer and fall and many overtime hours are worked. In July, sales are approximately $300,000 and employees work an average of 65 hours a week. In the winter, very little business occurs: less than $75,000 in sales happen in the winter. The owner felt he had two choices concerning the employment of his workers: he could lay off his employees during the winter months or he could carry them over even though there was very little business. He opted to carry his workers during the off-season.

The owner allows his workers to bank the overtime hours they work during the busy season. This arrangement allows his workers full, year round employment. It also allows the owner to hang on to his good workers. Most of his employees have been employed in the firm for over 10 years.

As well, the owner gives his workers time off for deer hunting every fall. The seasonality and the hours of work of the firm are discussed with employees when they are first hired.

The owner knows about the Ministry of Labour's overtime permit system, but he ignores it. The owner feels it takes too much time to apply to the government and he feels that the system he has worked out with his employees (banking time in order to have full year employment) works well for both his employees and his firm.

From 1979-81, the company had little competition and there was a great deal of building occurring in the area. In 1982 and 1983, business was down so much the company adopted work sharing subsidized by the Unemployment Insurance Commission. For nine months, staff would work six days straight (at 45 hours a week) and then were off the next week. At the end of nine months, staff discovered that they were making 85-90% of their normal salary while working only half the time. Needless to say, when business started picking up again, it was difficult to convince the workers to go back to full-time employment.

Since 1983, business has been better. Sales were up 30% from 1984 to 1985 and this year they are up 35% over last year. Although the number of competitors has decreased as a result of the recession, the ones that remained became stronger. Of the nine remaining competitors, the biggest are the three Beaver Lumber stores in the area.

Payroll taxes

Given that the owner carries his full contingent of staff during the off-season, the payroll taxes he must pay for those employees are substantial as he pays them year-round instead of just during the busy season.

Part-time workers

During the winter months, there are no part-time workers on staff. In the summer, the owner hires two students to work in the retail stores on Saturdays (the firm makes 30% of its retail sales on Saturdays). This part-time employment is helpful only to the retail operation: the owner cannot have part-timers estimating jobs or building roof trusses because they do not have adequate knowledge of these tasks.

Vacation pay

The owner pays workers with less than 5 years' seniority 4% vacation pay. Workers with 5 to 10 years' seniority receive 6% and workers with over 10 years get 8% vacation pay.

General comments

If the government were to clamp down and restrict the flexibility of overtime, the owner would operate the same way he does now, but he would make more of an attempt to hide his actions. He believes his employees would support his actions.

CASE STUDY #5

Background

The firm studied is a weigh scale repair and distribution operation. The firm services industrial clients in tire manufacturing, land fill site, and meat packing businesses. It is owned by a husband and wife team, both of whom are between 30 to 39 years of age. The firm was incorporated in 1968. In 1984, the firm made under $250,000 in sales. Last year, sales were between $250,000 and $499,999. This year, the owners believe the firm's sales will surpass $500,000.

Employment

Over the past three years the firm has employed six workers. The owners both operate the office and the husband often does servicing calls as well. Two of the three servicemen have been with the firm for over eight years.

Training

It takes the firm about two years to train an employee to the point that he is ready to go out on a service call on his own.

Six months ago, the firm contacted Conestoga College because they were interested in hiring a graduate of their electronics program. Since the trade is not regulated and there is no apprenticeship program, the firm must train their employees themselves. The electronics graduate they hired knew nothing about weigh scales, but knew electronics. Weigh scales are becoming increasingly electronic which requires skills the firm's other employees do not have. The new employee is training the older employees in electronic skills and the other employees are training him to repair weigh scales.

The firm also sends their employees on two-week training courses in Vermont. Their supplier provides the training.

Overtime

The 1981-82 recession hit the firm very hard. It is just recovering from its loss position now. As a result, it is still the case that less overtime is worked now than before the recession.

Overtime is never scheduled by the owners. It is the customers who want their repair work done and done immediately. For example, the company often gets calls from clients who want a repairman sent right away to service a scale. The client wants service immediately because he may have 20 workers standing around doing nothing until the scale in the middle of their production line is repaired. This downtime costs the client not only the repair costs but wages and benefits of his employees. If the scale repair company cannot come to fix it, the repair company can lose their customer. There are six scale repair companies in the immediate area.

In the future, the owners believe that fewer and fewer overtime hours will occur in their firm. Mechanical scales used in the past required a lot of tearing apart, cleaning and examining in order to repair them. The new electronic scales often only need adjustments to the circuit boards. As a result, there is less downtime with these scales.

Most of the firm's overtime hours are scheduled in July and December. That is when the factories the company services close their plants in order to do maintenance servicing. During the rest of the year, these plants operate seven days a week, 24 hours a day. The repair work, therefore, can only be done during the 2 week down time period. If the repair firm cannot schedule in the repair work, they lose the business because the factory does not want the repair work to interfere with production time. Repairs cannot be rescheduled to suit the repair company.

In emergency work, overtime costs are usually passed on to the customer. Workers receive pay at time and a half for overtime work. On Sundays, employees are paid double time and are paid triple time on statutory holidays. Most of the time it is the owner who does the emergency work when it occurs in the middle of the night.

Overtime work is distributed fairly. If all employees have plans for the weekend and would rather not work the overtime, the owner will do the work. It rarely happens that the employees will not work the overtime. In such a small company, the owners work very closely with their employees. Their employees appreciate the need for overtime work. They realize that as a result of refusing to work overtime the firm may lose business. If the firm loses business, the firm may not be able to employ the employees any longer.

The firm does not lay off its employees in the off-season but continues to pay them. The firm's objective in this policy is to retain their skilled employees.

The owners were not aware of the Ministry of Labour's overtime permit system. If the Ministry began restricting the number of hours workers could work in a week, the firm's employees would most likely just adjust the hours they record on their time sheets and continue to operate in the manner they always have. The owner would also do more of the overtime work.

Payroll taxes

Payroll taxes are proving to be a big expense for the firm.

Part-time workers

The firm employs three part-time casual workers. All of the part-time workers work in the office. They are all retired but came to work for this firm because they were bored. Two of the part-timers are married to each other. They work for six months and then leave for Florida to spend the six months there. The part-timers work approximately 10 hours a week.

Vacation pay

Even though one of the busiest times of the year for the business is July, the owners give every employee (except the part-timers) at least two weeks vacation in the summer. The two servicemen with over eight years seniority receive three weeks paid vacation. Although the owners do allow their employees to take the vacation pay instead of taking the time off, they try to encourage the workers to take the time.

If the government extended vacation pay to three weeks a year for everyone, the employees with the seniority built up would resent the fact that any new employee would receive the same vacation pay they do. The firm would probably be forced to pay the workers with more seniority four weeks vacation. This proposition would prove to be very expensive, both financially and operationally. Four weeks without a worker in a firm with only six full-time people could greatly strain the resources of the firm. If the owners decided not to pay their more senior employees more vacation time, the employees might feel less loyalty to the firm and might leave. Since it takes the firm approximately two years to train a worker, this situation could prove devastating to the firm.

General comments

This year, the Christmas statutory holiday falls on the beginning of a four-day weekend (Christmas, Boxing Day, weekend). The following Thursday is New Year's Day (another statutory holiday). The owners have offered their workers a long weekend starting with New Year's Day if they agree to work overtime at straight time in the days before Christmas and before New Year's Eve.

The owners feel this is a generous gift on their part because the last two weeks of December are a very busy time for the firm. As in July, the factories they service shut down for repairs and the work must be done at that time.

CASE STUDY QUESTIONNAIRE

CASE STUDY INTERVIEW QUESTIONS

Thank you for agreeing to participate in our study of overtime use in small firms. Through interviews with small business owners like you, we hope to gain an understanding of the use of overtime in small firms. Your contribution is important.

The interview should take about 45 minutes. All information gathered in this survey will be held in strictest confidence. Neither your name nor the name of your firm will be identified and the data will only be used to represent the views and needs of small businesses in Ontario.

1. Is your business a ☐ corporation?

   ☐ sole proprietorship?

   ☐ partnership?

   If yes, how many partners are involved in the business?

   ____

2. In what year did your business commence operations? __________

3. How many full-time permanent employees did you have in

   October 1984? __________

   October 1985? __________

   Now? __________

4. What are the various occupations in your firm?

Occupation	Non-Union # of Male Employees	Non-Union # of Female Employees	Unionized # of Employees Male	Unionized # of Employees Female	Standard Work Week	Overtime Hours per Week

5. **Why do you schedule overtime work as opposed to using other methods to increase production? (Probe: some companies hire full-time workers, other hire part-time workers, some increase technological advancement etc.)**

6. Has the use of overtime in your firm changed in the past six years? Consider before, after and during the 1981-82 recession. How and why did it change?

7. Are decisions regarding overtime scheduling (as opposed to new hiring) related to a consideration of costs of additional labour above salaries and wages such as WCB, CPP and UIC?

8. Do you have problems finding skilled workers? (If yes, go to question 9; if no, go to question 11.)

9. For which occupations do you find a scarcity of skilled candidates?

10. Is the lack of skilled workers one of the reasons why you schedule overtime work?

11. Do you have any part-time workers? How many? (If yes, go to question 12; if no, go to question 13.)

12. Can you tell me what factors you consider when deciding whether a task would be best done by a full-time worker or by a part-time worker?

13. How does your firm compensate its employees for overtime work? (If compensating time off, probe whether time off is at straight time or at time and a half)

14. How is overtime work distributed to your employees?

15. Do you discuss the amount of overtime work you expect from your employees when they are first hired?

16. Do your employees sometimes decline overtime work? How do you deal with employees who decline to work overtime?

17. When your firm schedules overtime over 48 hours per person in a week, do you apply to the Ministry of Labour for an overtime permit? If not, why?

18. If the government began enforcing the existing rules about overtime and hours of work making it harder for you to schedule overtime, what would you do if overtime work needed to be done? (Explain existing rules if necessary.)

19. At the present time, provincial regulations require employers to give each employee a vacation with pay of at least 2 weeks upon the completion of each 12 months of employment. What is your current vacation practice? (Probe re: does seniority mean longer vacations?)

20. What would the financial and operational impact be on your firm, if vacation time were expanded by law to 3 weeks a year:

(a) for everyone?

(b) only for employees with over 3-5 years' seniority?

21. Please give us any additional comments you feel will help us to understand the use of overtime in and the special circumstances (if any) of your firm.

22. **What figure most closely corresponds with your sales in fiscal year 1984 and in fiscal year 1985?**

1984	1985	
☐	☐	Under $250,000
☐	☐	$250,000 - 499,999
☐	☐	$500,000 - 999,999
☐	☐	$1,000,000 - 1,999,999
☐	☐	$2,000,000 - 4,999,999
☐	☐	$5,000,000 - 9,999,999
☐	☐	$10,000,000 - 14,999,999
☐	☐	$15,000,000 +

23. **What is your age?** ☐ 18-24 ☐ 25-29 ☐ 30-39 ☐ 40-49 ☐ 50-64 ☐ 65+

24. **Sex of owner** ☐ Male ☐ Female